

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7103

BILL NUMBER: HB 1602

NOTE PREPARED: Jan 9, 2007

BILL AMENDED:

SUBJECT: Registration of Light Trucks as Passenger Vehicles.

FIRST AUTHOR: Rep. Cherry

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill includes a truck with a declared gross weight equal to or less than 10,000 pounds in the definition of a passenger motor vehicle for purposes of the motor vehicle law. It also makes conforming amendments.

The bill also provides that the fee for disposing of solid waste generated in or outside Indiana and delivered to a final disposal facility in a passenger motor vehicle weighing not more than 9,000 pounds is \$0.50 per load.

Effective Date: July 1, 2007.

Explanation of State Expenditures: For the Bureau of Motor Vehicles (BMV), there will be computer expenditures associated with the change in registration amounts for the newly established schedule. The specific expenditure level is not known, although it could be significant. The fund affected is the Motor Vehicle Highway Account (MVHA) which supports the BMV.

Explanation of State Revenues: *Summary:* This bill expands the definition of passenger motor vehicle to include pickup trucks. This will result in the following impacts to state and local revenue: (a) an overall reduction in registration fee revenue of an estimated \$16.2 M annually, \$2.0 M of which represents a reduction in distribution to the Local Road and Street Fund (LR&S); (b) increased revenue to the state General Fund from seat belt violations, estimated to be \$825,000, because pickup trucks will be subject to the seat belt laws applicable to passenger motor vehicles; (c) a redistribution of the Local Road and Street Fund among local governments because pickup trucks will now be included along with passenger motor vehicles in the distribution formula for the LR&S Fund.

(a) *Registration Fee Revenue:* This bill will reduce overall revenue from the registrations of pickup trucks by an estimated \$13.9 M annually. The table below shows the net impact on each of the funds that receive registration fee revenue.

Fund	Uses	Change in Revenue
Motor Vehicle Highway Account	Construction, reconstruction, and maintenance, along with supporting the BMV, the State Police, the Dept. of Transportation, and the State Department of Revenue	(\$10,250,746)
Highway Road and Street Fund	State Highway Fund - Funds must be appropriated	(\$2,518,501)
Local Road and Street Fund	Engineering and land acquisition, construction, maintenance, resurfacing, restoration, or rehabilitation	(\$2,048,729)
Public Safety Fee	Deposited into a special account known as the State Police Building Account which does not revert to the state General Fund, or the Motor Vehicle Highway Account and is used for construction, maintenance, and equipping of and/or leasing of State Police facilities.	No Change
Crossroads 2000 Fund	Bonding for highway projects	(\$1,355,893)
BMV Technology Fund	Upgrades technology at the BMV	No Change
Anti-Terrorism Fund	Supports the Integrated Public Safety Commission	No Change
BMV Commission	Supports the operation of the licenses branches throughout the state	No Change
Net Annual Impact		(\$16,173,869)

The reduction in Motor Vehicle Highway Account distributions will mean a reduction in distributions to Department of Transportation (INDOT) of about \$5.43 M. The INDOT receives 53% of the distributions after expenses, while local units receive 47%.

(b) *Seat Belt Requirement:* With the proposed change, drivers and passengers of more vehicles will now be subject to seat belt requirements. Based on CY 2004 registrations, approximately 1.4 million additional vehicles (an approximate 37% increase) now will be subject to the seat belt law, a violation of which is a Class D Infraction with a \$25 fine which is deposited into the state General Fund. In CY 2005, there were 92,033 guilty violations for not wearing a seat belt.

Data and Analysis: For CY 2004, 1.355 million trucks with a gross weight of not more than 10,000 pounds and 3.78 million passenger cars were registered with the Bureau of Motor Vehicles. The estimated seat belt violations for CY 2004 are provided in the following table.

	Registered Vehicles In CY 2004	Seat Belt Violations
Passenger Cars	3,781,028	92,033
Trucks	1,355,893	33,003 *
* Estimated figure based on proportion of seatbelt violations to registered passenger cars in CY 2004		

Although the number of additional citations and fines will depend on compliance and enforcement, the number of vehicles subject to seat belt use, based on vehicle registrations, could increase by about 33,000. If additional court cases occur and infraction judgments are collected, revenue to the state General Fund may increase by up to \$825,000.

If a criminal action, infraction, or ordinance violation involves a traffic violation, including this proposed offense, a highway work zone fee of either 50 cents or \$25.50 is also assessed.

Fee for Disposing of Solid Waste: In addition, the bill provides that the rate paid currently by whatever vehicle type is used to deliver solid waste to a final disposal facility remains the same after passage of the bill. This provision will have no fiscal impact.

Explanation of Local Expenditures:

Explanation of Local Revenues:(c) *Local Road and Street Account Distribution:* With the proposed change, pickup trucks, not included in the current LR&S distribution, will now be included and increase the amount received by those counties with more pickup trucks relative to the total number of vehicles registered. Also under this proposal, there will be approximately \$2.0 M less in total revenue distributed through the Local Road and Street Account because of reduced registration fees.

Motor Vehicle Highway Account Distribution: Local units also receive 47% of the MVHA distribution. Reduced revenue to local units from the reduced fees distributed to the MVHA is estimated to be approximately \$4.82 M.

Background Information: A spreadsheet is available from the Office of Fiscal and Management Analysis which shows the impact of the revenue loss on recipient entities for both the Motor Vehicle Highway Account and the Local Road and Street Fund.

State Agencies Affected: Department of Transportation, State Department of Revenue, State Police, and the Bureau of Motor Vehicles as recipients of the funds listed above.

Local Agencies Affected: Recipients of the Motor Vehicle Highway Account and LR&S distributions.

Information Sources: Bureau of Motor Vehicles Transactions for CY 2004.

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